

Management Comments

GPO's consolidated financial statements are prepared in accordance with generally accepted accounting principles (GAAP). GAAP requires that financial statements be prepared on the accrual basis of accounting, whereby expenses are recorded when incurred and revenues are recorded when earned, regardless of when cash is disbursed or received. GAAP also requires that the statements be prepared in a manner consistent with that of the previous year. The accompanying financial statements provide information on all events and economic affairs controlled by GPO in conformity with established regulations, procedures, and promulgated accounting principles.

GPO's accounting system includes internal controls designed to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are properly recorded. To ensure that adequate internal controls are maintained, management monitors the systems that provide management data and initiates modifications or improvements deemed necessary to promote operational efficiencies and encourage adherence to prescribed managerial policies.

Operating Issues

GPO's mission is to assist Congress and Federal agencies in the cost-effective creation and replication of information products and services and to provide effective and economical public access to government information services and products. GPO strives to operate and manage its resources as efficiently as possible, and to achieve steady gains in productivity. An example of GPO's fulfilling this role is found in GPO ACCESS. This Internet-based system rapidly and efficiently diffuses a wide range of government information at no cost to the user. GPO computer systems will also be used to support government-wide procurement operations in fiscal year 1997 when the Commerce Business Daily is electronically published and disseminated.

Neither Congress nor GPO has the ability to accurately forecast the volume of printing that may be needed for the legislative process. In years where the workload exceeds the funding available, GPO exercises its authority to temporarily fund shortfalls through the Revolving Fund. Funding by Congress for their printing requirements in recent years has been adequate and no near-term shortfalls are anticipated.

Over the last few years there has been a steady decline in traditional printing and binding in the Federal government. Recent GPO financial operating results reflect this decline. However, GPO is responding by continuing to downsize its workforce, by reducing operating costs, by trying to attain a larger share of the Federal printing market, and by encouraging

customers to adopt electronic-media products when cost effective.

GPO continues to pursue avenues that will increase the efficiency and effectiveness of the Federal government. A good example of this is the 5-year strategic alliance formed by GPO and the Department of Commerce (DoC) in fiscal year 1996. As a result of this agreement, GPO is developing a secure, electronic version of the Commerce Business Daily that will allow Federal procurement offices world-wide to enter their solicitations to GPO's Internet Web-site. The agreement also requires GPO to make the solicitations available instantaneously to prospective bidders. So that the private sector is not adversely affected, the data will also be made available to commercial value-added-providers. The traditional paper version of the Commerce Business Daily will continue to be printed by a commercial printer and sold to small businesses and other subscribers. Finally, GPO will also provide all accounting services related to customer accounts for DoC. One measure of the efficiency created by this alliance is that customer charges per electronic solicitation will be reduced by 72 percent!

Fiscal Year 1996 Results

The public printing and documents chapters of Title 44, United States Code, require GPO to fulfill the printing needs of the Federal government and distribute government publications to the public. GPO activities are financed through a Revolving Fund, which is reimbursed by payments from client agencies, sales to the public, and transfers from the Congressional Printing and Binding Appropriation and the Salaries and Expenses Appropriation of the Superintendent of Documents. These annual appropriations reimburse GPO for costs incurred while performing congressional work and fulfilling statutory requirements associated with the distribution of government publications. Reimbursements from these appropriations to the Revolving Fund are recorded as revenues. GPO was adversely affected by the funding-related government-wide shutdowns in fiscal year 1996. As a result, GPO workload was severely reduced in almost all programs.

GPO experienced a consolidated net loss of \$16.9 million in fiscal year 1996, compared with a \$3.0 million loss in fiscal year 1995. Revenues decreased by \$34.1 million (4.0 percent) overall, while expenses decreased by only \$20.2 million (2.4 percent).